

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type [] City [] Township [] Village [x] Other		Local Government Name State of Michigan - 15 th District Court Agency Fund		County Washtenaw
Audit Date 6/30/05	Opinion Date 9/30/05		Date Accountant Report Submitted to State: 11/17/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

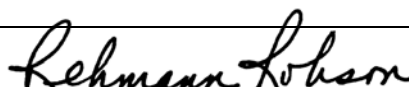
1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | | | | |
|-----|-----|-------|----|---|
| [] | Yes | [x] | No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| [] | Yes | [x] | No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| [] | Yes | [x] | No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| [] | Yes | [x] | No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| [] | Yes | [x] | No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| [] | Yes | [x] | No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| [] | Yes | [x] | No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| [] | Yes | [x] | No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| [] | Yes | [x] | No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) REHMANN ROBSON GERALD J. DESLOOVER, CPA			
Street Address 5800 GRATIOT, PO BOX 2025		City SAGINAW	State MI
Accountant Signature 		Zip 48605	

**STATE OF MICHIGAN –
15th DISTRICT COURT AGENCY
FUND**

**(An Agency Fund of the
City of Ann Arbor, Michigan)**

**REPORT ON AUDIT OF THE
STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES**

**For The Year Ended
June 30, 2005**



REHMANN ROBSON

Certified Public Accountants

STATE OF MICHIGAN – 15th DISTRICT COURT AGENCY FUND
(An Agency Fund of the
City of Ann Arbor, Michigan)

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REHMANN ROBSON

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

September 15, 2005

To the Honorable Judges Hines, Mattson and Goodridge
State of Michigan
15th District Court
Ann Arbor, Michigan

We have audited the accompanying statement of changes in assets and liabilities of the Agency Fund of the State of Michigan – 15th District Court, an agency fund of the City of Ann Arbor, for the year ended June 30, 2005. This financial statement is the responsibility of the City of Ann Arbor's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1 to the financial statement, the financial statement referred to above presents only the Agency Fund and does not purport to, and does not present fairly the financial position and changes in financial position of the State of Michigan – 15th District Court or the City of Ann Arbor, as of and for the year ended June 30, 2005, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the accompanying statement of changes in assets and liabilities presents fairly, in all material respects, the changes in the assets and liabilities of the Agency Fund of the State of Michigan – 15th District Court, an agency fund of the City of Ann Arbor, for the year ended June 30, 2005 in conformity with accounting principles generally accepted in the United States of America.

Rehmann Robson

FINANCIAL STATEMENT

STATE OF MICHIGAN - 15th DISTRICT COURT AGENCY FUND
(An Agency Fund of the City of Ann Arbor, Michigan)
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2005

	Balances - Beginning of Year	Receipts	Disbursements	Balances - End of Year
<u>ASSETS</u>				
Cash	\$ 444,484	\$ 4,665,464	\$ 4,621,862	\$ 488,086
<u>LIABILITIES</u>				
Due to the City of Ann Arbor				
City fines and costs	\$ 150,744	\$ 1,859,792	\$ 1,845,604	\$ 164,932
Jury demand fees	250	1,370	1,490	130
Writ fees	2,445	44,625	44,775	2,295
Court filing fees - Civil	8,414	69,393	69,763	8,044
Civil fees	270	3,430	3,455	245
Statute costs	38,821	568,935	556,236	51,520
Crime victim	374	3,527	3,539	362
Attorney fees	395	1,255	1,650	-
Public safety fees	20,600	234,433	231,803	23,230
Probation oversight fee	12,271	129,739	129,023	12,987
Bond forfeitures	1,400	14,549	15,599	350
Motion fee	950	9,321	9,511	760
Recovery and other fees	-	5,499	4,199	1,300
Secretary of State fees	3,118	34,802	35,046	2,874
Subtotal	240,052	2,980,670	2,951,693	269,029
Due to the County of Washtenaw:				
Statute fines	12,031	123,932	123,294	12,669
Due to the State of Michigan:				
J comp fund	3,485	35,180	35,800	2,865
Crime victim	3,366	31,740	31,850	3,256
Secretary of State fees	2,947	34,847	34,933	2,861
State court fund - Civil	950	9,321	9,467	804
Recovery fees	-	145	45	100
Conservation fees and other	-	40	30	10
Civil filing fee fund	15,561	130,612	131,537	14,636
Justice system fund	86,370	972,351	961,392	97,329
Subtotal	112,679	1,214,236	1,205,054	121,861
Due to the University of Michigan				
Regental violation fines and recovery fee	115	6,456	6,144	427
Other:				
Bond funds	68,085	253,119	248,332	72,872
Trust funds	11,522	87,051	87,345	11,228
Subtotal	79,607	340,170	335,677	84,100
Total	\$ 444,484	\$ 4,665,464	\$ 4,621,862	\$ 488,086

The accompanying notes are an integral part of this financial statement.

STATE OF MICHIGAN – 15th DISTRICT COURT AGENCY FUND

Notes To Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The 15th District Court (the “Court”) is a unit of the judicial branch of the State of Michigan and is located in Ann Arbor, Michigan. In accordance with State requirements, the bond and trust accounts of the Court are included as an agency fund in the City of Ann Arbor’s financial statements.

Activities

The Court collects and records the receipt of cash from fines and fees on a daily basis. Cash is remitted monthly to the entities designated by statute (i.e., city, county or state).

Cash is also received for bond and trust cases and is held by the Court until a final decision is rendered by the presiding judge. At that time, cash, net of a bond fee, is remitted to the individual. Such individual may apply the bond to any fines or costs due.

Basis of Accounting

The Court accounts for assets held in its capacity as trustee, or as agent, for individuals and other governmental units in its Agency Fund. The Court’s responsibilities are custodial in nature and, accordingly, its financial statement does not measure results of operations. The Court’s financial records are maintained on an accrual basis of accounting.

Cash

Cash is comprised of two interest bearing checking accounts at year end.

Custodial Credit Risk – Deposits . Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned. State law does not require and the Court does not have a policy for deposit custodial credit risk. As of year-end, \$374,909 of the Court’s bank balance of \$474,909 was exposed to custodial credit risk because it was uninsured and uncollateralized.

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